



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 29, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3496

Mr. David Penney
Box 312
Beaver, Utah 84713-0312

Re: Notice of Potential Non-Compliance & Division Directive, David Penney, Sliver 3-4 Mine, S/001/057, Beaver County, Utah

Dear Mr. Penney:

On June 26, 2003, the Division inspected your mining property and noticed some new activity. This activity (road building and pad enlargement) was not specifically authorized in your small mining permit; however, Mr. Ed Ginouves of the Bureau of Land Management (BLM), stated that the activity was contemplated, in a very general sense, in the original plan of operations submitted to their Cedar City office. On July 9, 2003, Mr. Ginouves performed an inspection of Sliver 3-4 mine site. He sent us a copy of his inspection report with a GPS surveyed disturbed area map attached. The inspection report indicates that your Sliver 3-4 has exceeded the 5-acre limit for your small mining permit. The surface disturbance now totals 5.5 acres. Copies of the Division and the BLM inspection reports, along with expanded GPS maps and photos are enclosed.

Because you have exceeded the 5-acre small mining operations threshold, you are hereby directed to complete and submit a LMO application within 60 days, or no later than December 1, 2003, for this site (form MR-LMO is enclosed for this purpose). Your failure to complete this action within the timeframe specified may require us to take additional enforcement action and issue a formal Notice of Non-Compliance. You may use the enlarged BLM GPS disturbed area map that is enclosed to describe the specific reclamation treatments proposed to restore the site as part of your LMO application.

We are aware that you have provided a \$50,000 nationwide bond to the BLM. According to you, the BLM has designated \$20,000 of this amount as a reclamation bond for this property. The details of this national bond will be investigated to see if the bond will

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satisfy all of the Division's surety bonding requirements. We must also determine if the \$20,000 is adequate to reclaim the existing and proposed disturbances based on an approved large mine permit application for this project.

Until this issue is resolved, you must restrict your mining operations to the existing disturbed area footprint. Please mark the boundary of this 5.5 area with appropriate markers to ensure that operations are not conducted outside of the already disturbed area.

If you have any questions regarding this notice, please contact me at (801) 538-5286, or Mr. Munson 538-5321. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

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Enclosures: LMO form, BLM 7/9/03 inspection report w/GPS map
DOGM 6/26/03 inspection report w/photos & GPS map
cc: Ed Ginouves, BLM, Cedar City (UTU-71326)
Mary Ann Wright, DOGM
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